

Message Text

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FM SECSTATE WASHDC

TO USMISSION GENEVA

USDEL MTN GENEVA

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FOL REPEAT OF EC BRUSSELS 4584 TO SECSTATE INFO ALL EC CAPITALS MAY 2

2

QTE:

LIMITED OFFICIAL USE EC BRUSSELS 4584

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E.O. 11652: N/A

TAGS: ETRD, EEC, GATT

SUBJECT: SOAMES-DENT DISCUSSION OF MTNS

REF: A. EC BRUSSELS 4255 (NOTAL)

B. STATE 108926 (NOTAL) C. EC BRUSSELS 3948 (NOTAL)

D. EC BRUSSELS 3943

1. SUMMARY: AMBASSADOR DENT'S DISCUSSIONS OF THE MTNS WITH
EC COMMISSIONERS SOAMES AND GUNDELACH RESULTED IN CONSENSUS
REGARDING THE DESIRABILITY OF DEMONSTRATING THE VIABILITY AND
USEFULNESS OF THE MULTILATERAL NEGOTIATIONS BY DEVELOPING A
PROGRAM FOR THE NEGOTIATIONS, PUSHING AHEAD IN SELECTED AREAS,
AND TRYING TO REACH AGREEMENT ON SPECIFIC SUBJECTS BEFORE THE
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CONCLUSION OF THE NEGOTIATIONS. HOWEVER, IN THE COMMISSION'S
VIEW THIS WOULD NOT INVOLVE THE SETTING OF PUBLICLY ANNOUNCED TARGET
DATES FOR CONCLUSION OF SPECIFIC AGREEMENTS; RATHER, WHEN SUCH
AGREEMENTS "RIPEN" THEY WOULD BE CONCLUDED WITHOUT

THEIR CONCLUSION HAVING BEEN PREDICTED.
SOAMES FELT THAT FURTHER DISCUSSIONS AIMED AT CON-
CERTING POSITIONS FOR THE JULY TNC WOULD BE HELPFUL.
GUNDELACH WILL PURSUE THIS MATTER DURING HIS VISIT
TO WASHINGTON IN LATE JUNE (SEPTEL). END SUMMARY.

2. THE BULK OF THE DISCUSSIONS ON MAY 22 BETWEEN
AMBASSADOR DENT AND A COMMISSION TEAM LED BY SOAMES
AND GUNDELACH WAS DEVOTED TO THE QUESTION OF THE
MANAGEMENT OF THE NEGOTIATIONS. SOAMES, IN OPENING
THE MEETING, NOTED THAT WHILE THE BROAD STRATEGIC
OBJECTIVES FOR THE NEGOTIATIONS FOR THE TWO SIDES
WERE THE SAME, TACTICS MIGHT DIFFER, AND IT WAS
IMPORTANT THAT AT LEAST THE TWO SIDES UNDERSTOOD
EACH OTHER'S POSITIONS.

3. AMBASSADOR DENT SAID THAT THE CURRENT WOULD
ECONOMIC SITUATION AT ONE AND THE SAME TIME PRE-
CLUDED RAPID MOVEMENT ON THE CENTRAL ISSUES OF THE
NEGOTIATIONS, AND MADE IT NECESSARY TO MAKE PROGRESS
AS A RESPONSE TO WIDESPREAD PROTECTIONIST PRESSURES.
HE PROPOSED THAT THE EC AND THE US SEEK TO DEMON-
STRATE THE VIABILITY OF THE NEGOTIATIONS BY AGREEING
ON CERTAIN OBJECTIVES AND ATTEMPTING TO REACH THEM
IN 1976. SPECIFICALLY, HE SUGGESTED THAT AT THE
JULY TNC THE PARTICIPANTS IN THE NEGOTIATIONS AGREE
THAT IN NOVEMBER, WHEN THE TNC SHOULD MEET AGAIN,
IT SHOULD SEEK TO IDENTIFY THOSE AREAS WHERE SOME
AGREEMENT COULD BE REACHED DURING 1976--AND WORK TO
ACHIEVE THESE OBJECTIVES SHOULD, OF
COURSE, THEN PROCEED. AMBASSADOR DENT SUGGESTED,
AS ILLUSTRATIVE EXAMPLES, CONCESSIONS ON TROPICAL
PRODUCTS, SELECTIVE TARIFF CUTS (IN CASES WHERE
SUCH ACTION HAS BEEN HELD UP WAITING FOR CREDIT IN
THEMTNS), AND AN AGREEMENT ON AN NTB, AS POSSIBLE
MEASURES THAT MIGHT USEFULLY BE AGREED TO WITHOUT
WAITING FOR THE CONCLUSION OF THE OVERALL NEGOTIATIONS.
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4. SOAMES AND GUNDELACH RESPONDED ALONG SIMILAR
LINES. THEY AGREED THAT THE COMPLEX MTNS NEEDED
MANAGEMENT. THEY THOUGHT THE JULY TNC COULD PROPERLY
DETERMINE THAT WORK IN CERTAIN AREAS SHOULD
BE EMPHASIZED. THEY THOUGHT THAT A NOVEMBER TNC
EQUALLY PROPERLY COULD REVIEW THE STATE OF PROGRESS
AND DRAW CONCLUSIONS AS TO WHAT SHOULD HAPPEN NEXT.
FINALLY, THEY THOUGHT IT NOT ONLY POSSIBLE BUT DE-
SIRABLE THAT CERTAIN AGREEMENTS COULD BE REACHED
EARLY--WELL IN ADVANCE OF THE CONCLUSION OF THE
OVERALL NEGOTIATIONS.

5. HOWEVER, THE COMMISSIONERS QUESTIONED THE ADVISABILITY OF IDENTIFYING IN ADVANCE SPECIFIC AGREEMENTS TO BE REACHED ON TARGET DATES. THEY ADVANCED A NUMBER OF ARGUMENTS AGAINST THIS. THEY FELT THAT IT WOULD BE DIFFICULT TO IDENTIFY IN ADVANCE "EASY" SUBJECTS FOR EARLY AGREEMENT. WHAT WAS EASY FOR ONE SIDE WAS ALMOST BY DEFINITION HARD FOR THE OTHER. SECONDLY, CONCENTRATION ON RELATIVELY MINOR SHORT-TERM AGREEMENTS WOULD DIVERT ATTENTION FROM THE CENTRAL ISSUES AND PURPOSES OF THE NEGOTIATIONS. FINALLY, IT WOULD BE A FIASCO IF TARGETS WERE TO BE SET AND THEN NOT MET.

6. IN THE MEETING THE EC SIDE IMPLIED, AND IN PRIVATE CONVERSATIONS THEREAFTER STATED MORE CLEARLY, THAT THEY SHARED THE US DESIRE FOR EARLY AGREEMENTS WHEN POSSIBLE, E.G. IN 1976. HOWEVER, THEY FELT IT POLITICALLY IMPOSSIBLE, IN TERMS OF INTRA-COMMUNITY POLITICS (I.E. FRENCH VIEWS) TO AGREE PUBLICLY TO TARGETS FOR SUCH AGREEMENTS.

7. AMBASSADOR DENT STATED THAT HE FELT THE IMPORTANT THING WAS A BASIC UNDERSTANDING BETWEEN THE TWO SIDES RATHER THAN HOW THIS UNDERSTANDING WAS EXPRESSED PUBLICLY.

8. SOAMES WOULD UP THIS PORTION OF THE DISCUSSION BY SAYING HE FELT IT HAD BEEN PUSHED AS FAR AS LIMITED OFFICIAL USE
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USEFUL AT THIS POINT. HE AGREED THAT THE TWO SIDES SHOULD SEEK TO COORDINATE THEIR POSITIONS MORE CLOSELY BEFORE THE JULY TNC, AND HE PROPOSED, AND THE US SIDE AGREED, THAT GUNDELACH CONTINUE THESE DISCUSSIONS WITH THE US WHEN HE VISITS WASHINGTON IN LATE JUNE.

9. AMONG THE OTHER SUBJECTS DISCUSSED WERE AGRICULTURE; RELATIONS WITH LDCE; AND THE SUPPLY ACCESS ISSUE.

A. AGRICULTURE. AMBASSADOR DENT STRESSED THE IMPORTANCE OF AGRICULTURE RECEIVING EQUAL ATTENTION IN THE CURRENT ROUND OF TRADE NEGOTIATIONS. HE NOTED THAT THE SAME ARGUMENTS OF EFFICIENCY APPLY TO AGRICULTURE AND INDUSTRY, AND THAT EFFICIENT USE OF THE WORLD'S AGRICULTURAL RESOURCES IS VITAL IN VIEW OF THE WORLD'S FOOD AND FIBRE NEEDS. SOAMES RESPONDED THAT THE COMMUNITY INTENDED TO MAKE DEFINITE PROPOSALS ON AGRICULTURE, STARTING WITH ITS IDEAS FOR COMMODITY AGREEMENTS ON MAJOR PRODUCTS WHICH IT

WILL BE PRESENTED BEGINNING NEXT WEEK IN THE AGRICULTURE SUBGROUPS. AMBASSADOR DENT NOTED THAT THE US FELT THAT WORKING THROUGH THE IWC IN LONDON WAS, DUE TO THAT ORGANIZATION'S EXPERTISE AND THE FACT THAT THE USSR PARTICIPATES IN IT, THE APPROPRIATE WAY TO ACT ON THE WFC COMMITMENT TO TRY TO DEVELOP A SYSTEM OF GRAIN RESERVES FOR HUMANITARIAN PURPOSES. THERE IS, HE ADDED, ABSOLUTELY NO REASON WHY THE LONDON RESULTS SHOULD NOT BE FOLDED INTO THE GENEVA MTNS. RABOT RESPONDED THAT THIS UNDERSTANDING WAS CONSISTENT WITH THE EC-US "COMPROMISE" ON THE HANDLING OF AGRICULTURAL QUESTIONS. (RABOT ALSO NOTED THAT HE THOUGHT THE CURRENT UNDERSTANDING WOULD PERMIT WORK TO GO FORWARD BUT THE TWO SIDES WOULD HAVE TO GET TOGETHER AGAIN BEFORE AUTUMN TO DISCUSS WHAT TO DO NEXT IN AGRICULTURE.)

B. LDCS. IN RESPONSE TO QUESTIONING BY SOAMES, AMBASSADOR DENT REVIEWED THE TIMETABLE FOR IMPLEMENTATION OF THE US GSP, AND NOTING THAT THE ADMINISTRATION IS SEEKING LEGISLATION PERMITTING NON-LIMITED OFFICIAL USE
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BOYCOTT OPEC COUNTRIES TO BE BENEFICIARIES. SOAMES NOTED THE LDC PRESSURES TO AVOID EROSION OF THEIR MARGINS OF PREFERENCE, AND DESIRE TO HAVE THEM BOUND. BOTH SIDES AGREED THIS WAS UNACCEPTABLE. THE US SIDE CALLED ATTENTION TO THE FACT THAT CERTAIN LDCS WERE MAKING SERIOUS EFFORTS TO IDENTIFY TARIFFS OR NTB PROBLEMS OF INTEREST TO THEM, AND SOME MIGHT BE LED TO OFFER SOME RECIPROCITY. BOTH SIDES AGREED, FINALLY, THAT THE DEMANDS OF LDCS FOR DIFFERENTIAL TREATMENT CONSTITUTE A POTENTIALLY SERIOUS MANAGEMENT PROBLEM.

C. SUPPLY ACCESS ISSUE. AMBASSADOR DENT SUGGESTED THAT WHAT WAS NEEDED WAS AGREEMENT ON A BROAD PRINCIPLE REGARDING RIGHTS OF BUYERS, RATHER THAN ATTEMPT, ALL AT ONCE, NEGOTIATING A DETAILED CODE. THE COMMISSION SIDE AGREED, AND IN FACT STATED THAT ONE NEED ONLY "REAFFIRM" THE PRINCIPLE ALREADY IN GATT, THAT EXPORTS SHOULD NOT BE RESTRICTED--NOT DEVELOP A NEW PRINCIPLE. THEY FELT, HOWEVER, THAT BUYERS' RIGHTS AND SECURITY OF INVESTMENT (WHICH AMBASSADOR DENT STRESSED) MUST BE NEGOTIATED IN A BROADER CONTEXT INCLUDING, E.G., DC TARIFFS ON PROCESSED PRODUCTS. SOAMES SUMMARIZED A NEW COMMISSION PAPER ON THE COMMODITY PROBLEM (SEPTTEL) AND AMBASSADOR DENT SAID THE USG IS ALSO ACTIVELY WORKING ON THE PROBLEM.

10. THIS MESSAGE WAS DRAFTED AFTER AMBASSADOR DENT'S DEPARTURE FROM BRUSSELS. GREENWALD

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